

CASE NO. 20779
OCD Exhibit 3

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATIONS OF NGL WATER SOLUTIONS
PERMIAN, LLC FOR APPROVAL OF SALT WATER
DISPOSAL WELLS IN LEA COUNTY, NEW MEXICO

Case Nos. 20141 and 20142

Table of Contents

Exhibit 1:	Request for Dismissal of Applications
Exhibit 2:	Affidavit of Todd Reynolds
Exhibit 3:	Notice Affidavit and Documents

Exhibit 2

Affidavit of Todd Reynolds

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATIONS OF NGL WATER SOLUTIONS
PERMIAN, LLC FOR APPROVAL OF SALT WATER
DISPOSAL WELLS IN LEA COUNTY, NEW MEXICO**

Case Nos. 20141 and 20142

AFFIDAVIT OF TODD REYNOLDS

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Todd Reynolds, make the following affidavit based upon my own personal knowledge.

1. I am over eighteen (18) years of age and am otherwise competent to make the statements contained herein.

2. I am a Managing Director at the consulting firm FTI Platt Sparks where I conduct geologic and geophysical studies for our clients.

3. I hold a bachelor's degree in geophysics and geology from the University of Texas. I worked for an independent geophysics and geologic exploration company for 15 years, focusing primarily on horizontal drilling in fractured reservoirs, as well as using 3D seismic data to define bright spots and gas reserves along the Gulf Coast. I then ran my own consulting company for 15 years, and I have been with FTI Platt Sparks for the last 5 years or so.

4. I was retained by NGL Water Solutions Permian, LLC ("NGL") to conduct fault slip probability analyses for these applications. I have conducted similar studies for NGL's prior applications, and I have previously testified before the New Mexico Oil Conservation Division ("Division") where I was qualified as an expert in geology matters.

5. I am familiar with the applications that NGL has filed in Case Nos. 20141 and 20142.

6. My evaluation of these applications has revealed that significant faulting exists in the area of the proposed well locations, as identified on Exhibit A attached hereto.

7. Exhibit A is a structural cross-section labeled A-A' that traverses the Subject Area from west to east. This cross-section incorporated along with structural mapping at the top of the Devonian formation identifies several faults in this area.

8. Fault Slip Potential ("FSP") modeling shows that these faults are at low risk for induced seismicity related to saltwater disposal operations. This is primarily due to the orientation of the faults such that they are not considered critically stressed.

9. However, despite the relatively low risk for induced seismicity, these faults present other concerns related to limited injectivity due to boundary effects caused by the faults, and potential confinement concerns in close proximity to the faults.

10. Given these concerns, I would recommend that the following approach be taken for applications in the Subject Area shown on Exhibit B hereto:

- a. In the area within a ½ mile setback or "buffer" distance from the fault, highlighted in red on Exhibit B, no new injection/disposal wells should be permitted or allowed to inject fluids into formations below 15,000 feet.
- b. In the area between the ½ mile buffer out to a ¾ setback distance, depicted by the blue dashed line on Exhibit B, any injection/disposal wells should be limited to a maximum daily injection rate of 20,000 barrels per day into formations below 15,000 feet.

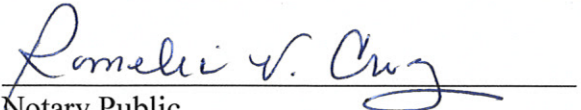
11. It is my opinion that this framework represents a conservative, cautionary approach to the Subject Area that will best advance the interests of conservation and the prevention of waste.

12. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

[Signature page follows]


Todd Reynolds

SUBSCRIBED AND SWORN to before me this 22nd day of January 2020 by Todd Reynolds.


Notary Public

My commission expires: March 17, 2021

